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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Financing of the United Nations Peacekeeping Force in Cyprus

Financial performance report for the period from 1 July 2008 to 30 June 2009 and proposed budget for the period from 1 July 2010 to 30 June 2011 of the United Nations Peacekeeping Force in Cyprus

Report of the Advisory Committee on Administrative and Budgetary Questions

Appropriation for 2008/09	$54,851,100
Expenditure for 2008/09	$54,728,000
Unencumbered balance for 2008/09	$123,100
Appropriation 2009/10	$54,412,700
Projected expenditure 2009/10[a]	$54,412,400
Estimated underexpenditure for 2009/10[a]	$300
Proposal submitted by the Secretary-General for 2010/11	$57,040,000
Recommendation of the Advisory Committee for 2010/11	$56,894,600

[a] Estimates as at 31 January 2010 (see annex).

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I. Introduction

1. **The recommendations of the Advisory Committee contained in paragraphs 27 and 28 below would entail a reduction of $145,400 in the proposed budget for the United Nations Peacekeeping Force in Cyprus (UNFICYP) for the period from 1 July 2010 to 30 June 2011.**

2. The general report of the Advisory Committee on the administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (A/64/660) contains its views and recommendations on a number of cross-cutting issues. In the present report, the Committee deals with resources and other items that relate specifically to UNFICYP.

3. In considering the report of the Secretary-General on the budget for UNFICYP for the period from 1 July 2010 to 30 June 2011 (A/64/629), the Committee has taken into account the recommendations of the Board of Auditors related to the mission (see A/64/5 (Vol. II), chap. II). The report of the Advisory Committee on the Board's report on the United Nations peacekeeping operations is contained in document A/64/708. **The Committee reiterates the need for the expeditious implementation of the relevant recommendations of the Board of Auditors.**

4. The documents reviewed and those used for background by the Advisory Committee in its consideration of the financing of UNFICYP are listed at the end of the present report.

II. Financial performance report for the period from 1 July 2008 to 30 June 2009

5. By its resolution 62/255, the General Assembly appropriated a total of $54,851,100 gross ($52,545,900 net) for the maintenance of the Force for the period from 1 July 2008 to 30 June 2009. That amount included voluntary contributions from the Government of Cyprus totalling $17,497,785, equivalent to one third of the net cost of the appropriation, and $6.5 million from the Government of Greece. Expenditures for the period totalled $54,728,000 gross ($52,346,700 net). The resulting unencumbered balance of $123,100 gross ($199,200 net) represents, in gross terms, 0.2 per cent of the appropriation. An analysis of variances is provided in section IV of the performance report (A/64/533).

6. The underexpenditure for the period was attributable mainly to: (a) lower actual costs for the rotation of contingents resulting from the use of regular commercial flights and the rotation of some contingent personnel using national military flights; and (b) higher-than-budgeted vacancy rates for national staff (6.2 per cent compared with the budgeted vacancy factor of 2 per cent).

7. The underexpenditure was offset in part by increases relating to: (a) the revision of salary scales for international staff effective 1 January 2009, partly offset by unspent amounts resulting from the higher-than-budgeted vacancy rates (7 per cent as compared with the budgeted factor of 5 per cent); (b) additional requirements under facilities and infrastructure owing to increases in the cost of electricity and water, higher electricity consumption resulting from the installation of additional air conditioners and the installation of three-phase electricity and a

high voltage substation; and (c) additional requirements under other supplies, services and equipment due to exchange rate fluctuations.

8. The comments of the Advisory Committee on the information presented in the performance report on individual objects of expenditure can be found, where relevant, in the discussion of the proposed budget for the period from 1 July 2010 to 30 June 2011.

III. Financial position and information on performance for the current period

9. The Advisory Committee was informed that, as at 31 December 2009, a total of $388,788,000 had been assessed on Member States in respect of UNFICYP since its inception. Payments received as at the same date amounted to $374,022,000, leaving an outstanding balance of $14,766,000. As at 16 February 2010, the cash position of the mission was $5,800,000. Taking into account a three-month operating reserve of $10,504,000, the mission's cash shortfall as at the same date amounted to $4,704,000. **The Committee continues to be concerned at the persistent precariousness of the financial situation of the Force and its potential impact on the timely reimbursement of troop-contributing countries** (see also A/63/746/Add.9, para. 10).

10. The Advisory Committee was informed that, as at 31 December 2009, estimated amounts of $9,189,000 were owed for troop-cost reimbursement and $347,000 for contingent-owned equipment. In respect of death and disability compensation, $1,590,000 had been paid for 283 claims since the inception of the mission, and 1 claim was pending. **The Committee expects that the pending claim will be settled expeditiously.**

11. The Advisory Committee was informed that, as at 31 January 2010, the incumbency for UNFICYP for the period from 1 July 2009 to 30 June 2010 was as follows:

	Authorized[a]	*Encumbered*	*Vacancy rate (percentage)*
Military contingent personnel	860	855	0.6
United Nations police	69	69	—
International staff	39	38	2.5
National staff	113	110	2.6

[a] Represents the highest authorized strength for the period.

12. The Advisory Committee was provided with a table showing current and projected expenditures for the period from 1 July 2009 to 30 June 2010 (see annex). Expenditures for the period as at 31 January 2010 amounted to $34,783,400. At the end of the current financial period, estimated total expenditures would amount to $55,896,700 against the appropriation of $55,897,000, leaving a projected underexpenditure of $300.

IV. Proposed budget for the period from 1 July 2010 to 30 June 2011

A. Mandate and planned results

13. The mandate of UNFICYP was established by the Security Council in its resolution 186 (1964). The most recent extension of the mandate, to 15 June 2010, was authorized by the Council in its resolution 1898 (2009).

14. The planning assumptions and mission support initiatives for 2010/11 are described in paragraphs 6 to 9 of the proposed budget (A/64/629). As indicated in paragraph 6 of that report, UNFICYP would continue to provide substantive and logistical support for the good offices of the Secretary-General in his efforts to support the peace talks and would assist the Special Representative of the Secretary-General/Chief of Mission, as the principal adviser and deputy to the Special Adviser of the Secretary-General on Cyprus. The Advisory Committee was informed that such services are provided on a reimbursable basis; they include financial, personnel management, general, engineering, supply, transport, information technology, communications support and security services. The good offices and UNFICYP headquarters are located in the same compound at old Nicosia Airport, approximately 1.2 kilometres apart.

15. Upon enquiry concerning how the functions of the good offices and UNFICYP were linked, the Advisory Committee was informed that, while both entities are working towards the achievement of a comprehensive settlement of the Cyprus problem, the specific functions of the entities differ to the extent that the good offices activities are focused on the negotiation efforts while UNFICYP provides support to negotiations with a view to creating a social and political environment between the communities that would be conducive to negotiation.

16. In its report on the proposed budget for UNFICYP for 2009/10, the Advisory Committee recommended that the Secretary-General further review the structure of UNFICYP and the Secretary-General's good offices for Cyprus with a view to avoiding duplication of substantive and support functions and that he report thereon to the General Assembly at its sixty-fourth session in the context of the next budget submission for special political missions, and subsequently in the next budget submission for UNFICYP (A/63/746/Add.9, para. 25). The Committee was informed that the review had not been carried out. **The Committee regrets that the review was not undertaken and expects that, as a matter of good management practice, the review will be carried out on a priority basis and reported in both the next budget submission for special political missions and in the next budget submission for UNFICYP, as previously recommended by the Committee and endorsed by the Assembly (see resolution 63/290). Furthermore, it is the Committee's view that, in mission areas where there is more than one such United Nations entity, detailed information concerning coordination, synergies and shared support arrangements should be routinely provided in the budget presentations.**

17. As indicated in the proposed budget, requirements under information and communications technology for 2010/11 have been reduced owing to the implementation of a regionalization initiative that would result in the more efficient management of spare parts and delivery of services (A/64/629, para. 9). Expected

efficiency gains for UNFICYP in 2010/11 in this respect are estimated at $106,000 (ibid., para. 21).

18. The regional information and communications technology initiative involves the four established peacekeeping missions located in close geographical proximity (UNFICYP, the United Nations Interim Force in Lebanon, the United Nations Disengagement Observer Force and the United Nations Truce Supervision Organization), which have a client base of approximately 16,693 personnel supported by 207 information and communications technology personnel. The four missions manage a non-expendable information and communications technology inventory valued at over $55 million and have a combined annual budget of some $30 million.

19. The Advisory Committee was informed that, up to the present time, inter-mission support and cooperation had taken place on a "best efforts" basis. The Secretary-General is proposing a unified regional management structure for information and communications technology (not centralized in one mission) to enhance capacity and harmonize support. The Committee was informed that the proposed coordinated regional delivery of information and communications technology services would not only eliminate duplication of effort in the areas of disaster recovery and business continuity, but would also create economies of scale in human resources, training and equipment requirements and eliminate disparity of service across missions. With respect to disaster recovery and business continuity, the Committee was informed that UNFICYP is to provide off-site capability for the other three missions for regional data storage. The proposal includes the establishment of a Regional Chief of Information and Communications Technology Services in the UNIFIL budget and a deputy position under the UNDOF budget. Both posts are proposed to be provided through the reclassification of existing posts.

20. The Advisory Committee was informed that the overall benefits of the initiative include a reduction of 17 posts in the UNIFIL budget (7 international and 10 national) from 1 July 2010, a reduction in equipment costs owing to the decrease in regional spare parts holdings (from 7.5 per cent of inventory value to 5 per cent), the use of identical equipment platforms and a reduction in commercial communication costs owing to lower requirements for the regional satellite transponder lease, as well as efficiency gains owing to service delivery uniformity. Initial projections indicate a collective recurrent annual savings of over $3.5 million. **The Committee sees merit in the proposal to strengthen and formalize the regional coordination of information and communications technology services.** The Committee discusses this issue in greater detail in its general report on the administrative and budgetary aspects of the financing of the United Nations peacekeeping operations.

B. Resource requirements

21. The proposed budget for UNFICYP for 2010/11 amounts to $57,040,000, representing an increase of $2,627,300, or 4.8 per cent, in comparison with the appropriation of $54,412,700 for 2009/10. An analysis of variances is provided in section III of the proposed budget (A/64/629). Key resource variances include (a) additional requirements of $1,032,500 under national staff attributable primarily to the application of the exchange rate of €0.70 to $1 based on the World Bank

forecast for 2011, compared with the rate of €0.773 applied in the 2009/10 budget; and (b) additional requirements of $724,100 under facilities and infrastructure for maintenance services based on the terms of the new contracts for catering, cleaning and waste management services, as well as increases in the costs of electricity, water, gas and construction services owing to the installation of three substations for additional power supply.

22. The budget provides for the deployment of 860 military contingent personnel, 69 United Nations police personnel, 40 international staff (including 1 temporary position), 113 national staff and 1 United Nations Volunteer. A net increase of two positions is proposed.

1. Military and civilian police personnel

Category	*Approved 2009/10*	*Proposed 2010/11[a]*	*Variance*
Military contingents	860	860	—
United Nations police	69	69	—

[a] A vacancy factor of 1 per cent has been applied for both military and police personnel.

23. The proposed budget for military and police personnel for the period from 1 July 2010 to 30 June 2011 amounts to $24,249,200, an increase of $405,700, or 1.7 per cent, compared to the apportionment of $23,843,500 for 2009/10. The increase is due mainly to the appreciation in the value of the euro against the United States dollar, resulting in additional requirements for mission subsistence allowance and rations under military contingents and United Nations police.

24. The Advisory Committee notes that the mission will continue to utilize commercial flights rather than charter flights for the rotation of one of the contingent units, resulting in reduced requirements for travel on rotation. **The Committee recommends that lessons learned with respect to this arrangement be shared for possible application to other missions, where feasible.**

2. Civilian personnel

Category	*Approved 2009/10*	*Proposed 2010/11*	*Variance*
International staff	39	39	—
National staff	113	113	—
Temporary positions	—	1	1
United Nations Volunteers	—	1	1

25. The proposed budget for civilian personnel for the period from 1 July 2010 to 30 June 2011 amounts to $15,828,000, an increase of $1,385,800, or 9.6 per cent, compared to the apportionment for 2009/10. A vacancy factor of 5 per cent has been applied to cost estimates for international staff and 2 per cent for national staff.

26. The increased requirements under international staff ($207,900) are attributable primarily to the revision of the salary scale effective 1 January 2010. Under national staff, the variance ($1,032,500) is due mainly to the application of the exchange rate of €0.70 to $1 based on the World Bank forecast for 2011

compared with exchange rate of €0.773 applied in the 2009/10 budget. The increase under United Nations Volunteers ($41,900) relates to the proposed establishment of one United Nations Volunteer position in the Office of the Senior Adviser. Under general temporary assistance, the increase ($103,500) is attributable to the proposed establishment of a temporary P-2 position for a Civil Affairs Officer.

27. As indicated in paragraph 15 of the proposed budget, the functions of the proposed United Nations Volunteer position would entail providing "legal advice and assistance to the substantive and administrative components of the Force on a wide range of legal issues". The Advisory Committee was informed that there was currently a P-4 Legal Officer in the Office of the Special Adviser. **The Committee expects that in a long-standing, stable mission such as UNFICYP, efficiency gains would materialize that would effectively reduce personnel requirements (see also para. 16 above). Given the general nature of the functions proposed, it appears to the Committee that the additional United Nations Volunteer position is intended to strengthen existing legal capacity in the Office. In the view of the Committee, the need for these functions could be met from within existing capacity; it therefore recommends against approval of the proposed position.**

28. The establishment of a temporary P-2 position is proposed under general temporary assistance for a Civil Affairs Officer to strengthen the Force's capability at the field sector level to engage in cross-level representation, monitoring and facilitation, confidence-building, conflict management and support for reconciliation. Upon enquiry, the Advisory Committee was informed that this was essentially a resubmission of a request contained in the proposed budget for 2009/10, which the Committee did not support (see A/63/746/Add.9, para. 22 (a)) and the General Assembly did not approve (see resolution 63/290). At that time, a P-3 post was requested for functions that are carried out by United Nations police officers, who rotate on an annual basis. **The Committee still has not been provided with a convincing justification in support of the need for the functions to be carried out on a non-rotating basis. Accordingly, the Committee recommends against approval of the proposal.**

B. Operational costs

Apportioned 2008/09	Proposed 2009/10	Variance
$6,127,600	$6,962,400	$834,800

29. The estimated operational requirements for the period from 1 July 2009 to 30 June 2010 reflect an increase of $834,800, or 5.2 per cent, in comparison with the appropriation for 2008/09.

Facilities and infrastructure

30. Estimated requirements for facilities and infrastructure for 2009/10 total $9,439,000, an increase of $724,100 (9.6 per cent) compared to the appropriation for 2008/09. The increase is attributable mainly to additional requirements for maintenance services in accordance with the terms of the new contracts for catering, laundry, cleaning and waste management services, as well as increased costs for electricity, water and gas and construction services owing to the installation of three

substations for additional power supply at the Blue Beret Camp. The increase is offset in part by reduced requirements for the acquisition of generators, maintenance supplies and prefabricated facilities.

31. Upon request, the Advisory Committee was provided with an update of the progress of work on renovations being carried out by the Government of Cyprus at San Martin Camp (sector 1) and the Ledra Palace Hotel (sector 2 headquarters). The Committee was informed that the work was proceeding in a phased manner in order to keep the camps fully operational during the period of renovation. At San Martin Camp, three of the largest buildings have been totally refurbished. Remaining works, which are expected to be completed in early 2011, include the refurbishment of two accommodation buildings and the installation of a new electrical substation and a new electrical distribution system for the entire camp.

32. The Advisory Committee was informed that the refurbishment works at the Ledra Palace Hotel were progressing slowly, due in part to the condition of the building, which was previously unknown, and that renovations were expected to be completed by 31 December 2011. The Committee recalls that, in the context of its consideration of the proposed budget for 2009/10, it was informed that the renovation of the Hotel was expected to be completed by December 2010 (ibid., para. 31). **The Committee notes the progress made thus far in the two renovation projects and trusts that every effort will be made to complete them.**

Air transportation

33. Estimated requirements for air transportation for 2010/11 total $1,836,400, an increase of $289,000, or 18.7 per cent, compared to the apportionment for 2009/10. The variance is attributable primarily to additional requirements for the rental and operation of helicopters owing to increases in the cost of flight hours and aviation fuel for two helicopters. It is indicated in the budget document that the estimate covers the operation and maintenance of three helicopters (including one provided at no cost by the Government of Argentina to replace either of the other two during maintenance and other periods of downtime), as well as the supply of 240,000 litres of aviation fuel.

V. Conclusion

34. The actions to be taken by the General Assembly in connection with the financing of UNFICYP for the period from 1 July 2008 to 30 June 2009 are indicated in paragraph 31 of the performance report (A/64/533). **The Advisory Committee recommends that the unencumbered balance of $123,100, as well as other income/adjustments in the amount of $920,400, be credited to Member States in a manner to be determined by the Assembly.**

35. The actions to be taken by the General Assembly in connection with the financing of UNFICYP for the period from 1 July 2010 to 30 June 2011 are indicated in paragraph 30 of the proposed budget (A/64/629). **Subject to its comments and observations in the present report, the Advisory Committee recommends that the Assembly appropriate an amount of $56,894,600 for the maintenance of the mission for the 12-month period from 1 July 2010 to 30 June 2011, should the Security Council decide to continue the mandate of UNFICYP.**

Documentation

- Performance report on the budget of the United Nations Peacekeeping Force in Cyprus for the period from 1 July 2008 to 30 June 2009 (A/64/533)
- Budget for the United Nations Peacekeeping Force in Cyprus for the period from 1 July 2010 to 30 June 2011 (A/64/629)
- Report of the Board of Auditors on the accounts of the United Nations peacekeeping operations for the financial period ended 30 June 2009 (A/64/5 (Vol. II), chap. II)
- Report of the Advisory Committee on Administrative and Budgetary Questions on the financial performance report for the period from 1 July 2007 to 30 June 2008 and proposed budget for the period from 1 July 2009 to 30 June 2010 of the United Nations Peacekeeping Force in Cyprus (A/63/746/Add.9)
- General Assembly resolution 62/255 on the financing of the United Nations Peacekeeping Force in Cyprus
- Security Council resolution 1898 (2009)

Annex

Current and projected expenditures of the United Nations Peacekeeping Force in Cyprus for the period from 1 July 2009 to 30 June 2010

(Thousands of United States dollars)

	1 July 2009 to 31 January 2010			Projected 1 February to 30 June 2010				
	Apportionment	*Total expenditure*	*Unencumbered balance*	*Expenditure*	*Total expenditure including projected*	*Estimated unencumbered balance as at 30 June 2010*	*Variance (percentage)*	
	(1)	(2)	(3) = (1) – (2)	(4)	(5) = (2) + (4)	(6) = (1) – (5)	(7) = (6) ÷ (1)	*Reasons for variance*
Military and police personnel								
Military observers	—	—	—	—	—	—	—	
Military contingents	20 927.1	13 261.7	7 665.4	6 738.4	20 000.1	927.0	4.4	Use of commercial flights in lieu of charter flights for the rotation of contingents, partly offset by additional requirements for recreational leave allowance owing to an increase in the duration of entitlement from 7 to 15 days for every six months of service
United Nations police	2 916.0	2 729.0	187.0	312.2	3 041.2	(124.8)	(4.3)	Appreciation of the value of the euro against the United States dollar
Formed police units	—	—	—	—	—	—	—	
Subtotal	**23 843.0**	**15 990.7**	**7 852.8**	**7 050.6**	**23 041.3**	**802.2**	**3.4**	
Civilian personnel								
International staff	8 588.0	5 919.3	2 668.7	2 644.8	8 564.1	23.9	0.4	
National staff	7 662.2	4 775.9	2 886.3	3 859.3	8 635.2	(973.0)	(12.7)	Additional requirements resulting from the revision of the salary scale effective 1 September 2009
United Nations Volunteers	—	—	—	—	—	—	—	

	1 July 2009 to 31 January 2010			Projected 1 February to 30 June 2010				
	Apportionment	Total expenditure	Unencumbered balance	Expenditure	Total expenditure including projected	Estimated unencumbered balance as at 30 June 2010	Variance (over)/under	
	(1)	(2)	(3) = (1) - (2)	(4)	(5) = (2) + (4)	(6) = (1) - (5)	(7) = (6) ÷ (1)	Reasons for variance
Electrical infrastructure upgrades	192.8	60.3	132.7	65.0	125.3	66.7	34.7	Reduced requirements for the temporary replacement of staff on extended medical or maternity leave
Subtotal	**10 002.2**	**9 705.5**	**5 680.7**	**6 569.1**	**15 324.6**	**(882.4)**	**(6.1)**	
Operational costs								
Electoral-related non-staff	—	—	—	—	—	—	—	
Civilian electoral observers	—	—	—	—	—	—	—	
Consultants	—	—	—	—	—	—	—	
Official travel	506.8	129.2	377.6	145.0	274.2	232.6	45.9	Lower requirements for training and non-training travel
Facilities and infrastructure	7 713.9	4 617.4	3 096.5	3 283.0	7 905.4	(191.5)	(2.5)	Increased costs of electricity and settlement of outstanding charges related to a prior financial period
Ground transportation	3 506.1	3 002.3	527.8	760.9	3 763.2	(253.1)	(7.2)	Increased costs of fuel and maintenance services for vehicles
Air transportation	1 587.4	305.5	1 281.9	1 265.4	1 570.9	(23.5)	(1.5)	
Naval transportation	—	—	—	—	—	—	—	
Communications	978.6	741.4	237.2	192.6	934.0	44.6	4.6	
Information technology	839.1	730.8	108.3	91.1	821.9	17.2	2.0	
Medical	401.3	169.8	231.5	135.5	305.3	96.0	23.9	Reduced requirements for medical and dental equipment, as well as prescription medications
Special equipment	5.4	1.3	4.1	—	1.3	4.1	74.8	Non-acquisition of night observation equipment

Other supplies, services and equipment	695.1	145.1	234.2	119.9	871.2	145.1	24.9	Lower requirements for training fees, freight and other equipment
Quick impact projects								
Subtotal	**34 527.8**	**19 657.2**	**6 083.0**	**6 085.3**	**34 045.9**	**89.9**	**5.9**	
Future requirements	34 453.7	34 783.9	19 629.3	19 629.9	34 613.4	0.9	—	
Staff assessment income	3 271.7	3 111.9	1 980.7	1 240.4	3 351.6	179.7)	(5.9)	
Net requirements	**92 143.8**	**53 673.8**	**19 446.6**	**19 388.6**	**92 084.9**	**89.9**	**0.1**	
Voluntary contributions in kind (budgeted)	1 884.3	1	1 313.6	1 313.6	1 884.3		—	
Total requirements	**94 027.8**	**54 984.1**	**20 760.2**	**20 702.2**	**93 969.7**	**0.1**	—	